

## **JLBC Staff - October 2014 Revenue and Budget Update**

### **Summary of the General Fund Budget Outlook**

- Since passage of the FY 2015 budget, General Fund revenue collections have been disappointing. Revenue collections have fallen below forecast for 6 consecutive months.
- FY 2014 base revenues only grew by 3.1% and FY 2015's first quarter results were similar. This poor performance is reflected in the new consensus forecast, which projects a base revenue growth rate of 3.4% in FY 2015 and 4.1% in FY 2016.
- The lower FY 2014 base and the new forecast results in a budget shortfall of \$(189) million in the current fiscal year (FY 2015). Primarily due to the loss of any carry-forward balance, the shortfall would further grow to \$(667) million in FY 2016.
- The state also faces additional costs relating to the Superior Court ruling in the K-12 litigation. This ruling requires the state to "reset" the per pupil formula amount to prospectively adjust for inflation funding that was not provided during FY 2009 – FY 2013.
- Including the effects of both the October FAC projections and the K-12 litigation, the state is projected to have a shortfall of \$(520) million in FY 2015 and \$(1.0) billion in FY 2016.

Table 1		
Ending Balance Projections		
\$ in Millions		
After:	<u>FY '15</u>	<u>FY' 16</u>
Special Session	\$130	\$(237)
October FAC Update	(189)	(667)
FAC Update + K-12 Reset	(520)	(1,002)

The JLBC Staff has also developed a slideshow presentation of this issue that can be found on the JLBC website at: [October 7 FAC Meeting](#).

### **The Caveats**

- 1) All ending balance estimates (*see Table 1*) assume that the FY 2015 shortfall is resolved prior to the beginning of FY 2016. Otherwise, the FY 2016 gap would be even larger. The shortfalls also exclude the \$460 million available in the Rainy Day Fund.
- 2) The lower-than-expected FY 2014 revenue results again demonstrate the challenge of forecasting collections with any degree of certainty, especially given the unpredictable nature of state, national and international events.

- 3) Recent national economic data has been favorable. If sustained, improving national fortunes may brighten the state's revenue forecast by early next year. The US economy, however, still faces uncertain prospects as the Federal Reserve Board is expected to begin raising interest rates in calendar year 2015.
- 4) The projections do not include "back payments" for full K-12 inflation funding, which the state did not provide in FY 2009 – FY 2013.
- 5) Long-term budget forecasts are subject to considerable change -- a 1% projection error over 3 years has a \$575 million impact on the ending balance.

## **Reporting Requirements**

The General Appropriation Act requires JLBC Staff to report by October 15, 2014 as to whether FY 2015's General Fund revenues and ending balance are projected to change by more than \$50 million from the budgeted levels. In addition, A.R.S. § 35-125 requires the Legislature to provide 3-year estimates in each year's budget bill. In fulfilling these requirements, JLBC Staff has reviewed the preliminary FY 2014 ending balance estimates and updated its 4-sector revenue projections in conjunction with the October 7<sup>th</sup> Finance Advisory Committee (FAC) meeting. In addition, JLBC Staff has revised its spending projections through FY 2018 based on current statutory funding formulas.

## **Updated FY 2014 Estimates**

The enacted FY 2015 budget had a projected ending balance of \$130 million. This projection assumed a \$596 million FY 2014 surplus would be available for use in FY 2015. The Arizona Department of Administration (ADOA) projects the FY 2014 ending balance to be \$577 million, which is \$(19) million less than originally forecasted. General Fund revenues were \$(85) million less than projected, while spending was \$67 million below forecast. ADOA will publish a final FY 2014 ending balance figure by December 1.

In evaluating FY 2014, the revenue results are measured from both a base and net perspective. Base revenues exclude one-time adjustments, enacted tax law changes and urban revenue sharing and are intended to represent the underlying growth in the economy. Net revenues reflect all results with the exception of the change in the carry-forward balance.

FY 2014 base revenues came in below projections. The enacted budget assumed base revenue collections would increase by 4.3% compared to the previous year. Instead, base revenues only increased by 3.1%, resulting in an overall revenue loss of \$(85) million below the enacted forecast. After adjusting for tax law changes and other factors, net revenues grew by only 2.7%.

The main driver behind the disappointing revenue performance was Corporate Income Tax, which declined by (13.1)% and accounted for over half of the forecast loss. In contrast, Sales Tax posted a moderate growth rate of 5.5%, driven by strong growth in the retail category (up

6.2%) and the contracting category (up 11.0%). Individual Income Tax grew at 1.9%, a rate which was held back by weak job and salary growth.

General Fund spending was \$66 million lower than anticipated. The primary factor was AHCCCS, since General Fund savings associated with the new hospital assessment were not factored into the original FY 2014 budget.

### **FY 2015 - 2018 Revenue Projections**

The enacted FY 2015 budget assumed base revenue growth of 5.3%. Based on preliminary September projections, first quarter FY 2015 General Fund revenues are 3.0% above last year. This year-to-date figure reflects the change in net revenues. However, the impact of tax law changes up to this point during FY 2015 is estimated to be minimal.

In the first quarter of FY 2015, preliminary collections were as follows:

	<u>% Change</u>
• Sales Tax	2.3%
• Individual Income Tax	2.4%
• Corporate Income Tax	7.8%

First quarter FY 2015 collections have been the opposite of the FY 2014 – Corporate Income Tax collections have shown the largest percentage growth, which is primarily due to a one-time \$20 million refund in FY 2014. In contrast, Sales Tax growth has been relatively weak, as the retail and contracting categories have slowed considerably. Finally, Individual Income Tax has grown 2.4%. Withholding is more disappointing than it was during FY 2014, however, posting a growth rate of only 1.4%.

During the first quarter of FY 2015, General Fund revenues were \$(65) million below the enacted budget forecast.

### **FY 2015 - 1<sup>st</sup> Quarter**

The FY 2015 to FY 2018 forecast is based on the input from the following 4 sectors (each equally weighted): members of the FAC panel, University of Arizona’s “base” and “low” econometric revenue models, and JLBC Staff.

All 4 sectors appear to have been influenced by the weak revenue performance during FY 2014. In addition, General Fund revenues have fallen below the forecast level for each of the last 6 months.

Under the updated 4-sector consensus forecast, base General Fund revenues are projected to grow by 3.4% in FY 2015. This is a decidedly more pessimistic revenue outlook than the enacted budget’s projected General Fund revenue growth of 5.3% in FY 2015. (The enacted budget forecast was based on the January 4-sector estimates.) In combination with the lower

FY 2014 base, the revised FY 2015 growth rate reduces the enacted budget revenue level by \$(248) million.

In FY 2016, the 4-sector revenue growth improves slightly to 4.1%. In comparison, the enacted budget had forecast FY 2016 growth of 5.2%. The 4-sector forecast finally returns to moderate growth in the out years -- 5.1% in FY 2017 and 5.2% in FY 2018. Details of the October 2014 FAC consensus forecast are summarized in *Attachment A*.

In addition to the consensus forecast for base revenues, the budget projections also make adjustments for other factors:

- Elimination of Fund Transfers – The revenue projections assume the elimination of a FY 2015 fund transfer from the State Employee Health Insurance Fund, leading to a General Fund revenue loss of \$(54) million in FY 2016.
- Previously Enacted Tax Legislation – Previously enacted tax reductions will also affect revenue collections as they are phased-in through FY 2018. *See Attachment B*. The two main reductions are 4-year phase-in's of a 2% corporate tax rate reduction and a 100% sales factor option. Both changes began on January 1, 2014. The General Fund impact is \$(100) million in FY 2016. By FY 2018, the tax reduction will total \$(226) million compared to FY 2015. The estimates do not account for any offsetting economic growth associated with the tax reductions.

After factoring in these adjustments, along with the state's beginning cash balance, total available General Fund revenue is forecast to decline from \$9.1 billion in FY 2015 to \$8.8 billion in FY 2016 (*See Table 2*). After this point, revenues are expected to grow to \$9.2 billion in FY 2017 and \$9.6 billion in FY 2018. The bottom line revenue decline in FY 2016 is primarily due to the expected draw-down of the entire General Fund balance of \$577 million available at the beginning of FY 2015. Instead, these monies will be used to help balance the expected budget shortfall in FY 2015.

### **Future Year Spending Estimates**

As part of the October FAC meeting, the JLBC Staff has updated its FY 2016 to 2018 Baseline spending estimates. The estimates reflect the standard methodology of estimating the annual growth in statutory and other active funding formulas. Overall spending is projected to grow by \$122 million in FY 2016 (1.3%), \$341 million in FY 2017 (3.6%) and \$296 million in FY 2018 (3.0%). These adjustments are comparable to the long-term estimates in the enacted FY 2015 budget. With the October FAC update, total General Fund spending is projected to be \$9.45 billion in FY 2016, or \$(3) million lower than originally forecast in last year's budget.

The estimates incorporate the following specific adjustments:

- K-12 state aid formula growth. In total, K-12 spending is projected to increase by \$175 million in FY 2016, \$209 million in FY 2017 and \$162 million in FY 2018. The growth reflects the following components: 1) 1.4% annual student growth; 2) new annual inflation

adjustments, but excluding any litigation costs (*see below*); and 3) enacted declines in property taxes (via the assessment ratio), which increases K-12 expenses.

- Medicaid population and payment growth in AHCCCS, the Department of Health Services, and the Department of Economic Security. In FY 2016, the state will benefit from a higher federal Medicaid match rate, which is linked to the state's slow overall personal income growth. Overall Medicaid spending is projected to grow by \$57 million in FY 2016 (2.9%), \$117 million in FY 2017 (5.7%) and \$131 million in FY 2018 (6.1%).
- Department of Child Safety (DCS) 1-time Backlog funding. The October spending projections conform to the May Special Session proposal, which reduces the net FY 2016 DCS budget by \$(11) million for one-time FY 2015 spending related to an existing backlog of non-active cases. The enacted long-term funding plan channeled \$8 million back into preventive services by FY 2017. In addition, the spending estimates remove \$25 million of one-funding appropriated to ADOA for DCS transition costs.
- The annualization costs of new Department of Corrections (ADC) prison beds. The Legislature has already approved the addition of 500 new private prison beds and 500 new maximum security public beds midway through FY 2015. In total, these annualization costs are expected to add \$8.3 million in FY 2016 with minimal changes expected in FY 2017 and FY 2018.
- The elimination of \$(45) million of capital funding in FY 2016, which is related to the completion of the state's 500 new maximum security public prison beds.

The updated projections also assume the continued annual suspension of any inactive formulas. Each year, the Legislature enacts certain provisions that serve to only suspend, not repeal, certain statutory formulas. If those inactive formulas were counted in the estimates, spending would increase by approximately \$374 million. K-12 accounts for most of the inactive formulas.

### **K-12 Inflation Litigation**

In addition to these "baseline" spending changes, the state faces additional costs relating to the K-12 inflation litigation. In July, the Superior Court ruled that the state must "reset" the per pupil formula amount to adjust for full inflation funding that was not provided during FY 2009 – FY 2013. The result would increase funding by \$236 per student.

Based on the latest projections, this "reset" would translate into increased K-12 spending of: \$331 million in FY 2015, \$336 million in FY 2016, \$341 million in FY 2017, and \$346 million in FY 2018.

These reset estimates are \$14 million higher than the prior projections. Unlike the earlier numbers, the new estimates account for some "zero-aid" districts beginning to receiving state assistance. In a zero-aid district, the local property tax base is sufficient to fund the cost of the

formula. With the reset increasing the base support level by 7% , some local property taxes will not generate enough funding to cover this cost.

If the reset ruling is ultimately upheld, state spending is projected to be \$9.66 billion in FY 2015 and \$9.79 billion in FY 2016. The actual timing of any payments is unknown, as the Superior Court ruling is being appealed by the state. In addition, the Superior Court has scheduled a hearing at the end of October to consider whether the state is liable for any back payments associated with foregone inflation adjustments between FY 2009 and FY 2013.

### Future Year Balance Projections

The enacted budget, along with the May Special Session, resulted in a projected FY 2015 ending balance of \$130 million and an FY 2016 shortfall of \$(237) million.

Prior to the K-12 litigation, the state is now projected to have a shortfall of \$(189) million in FY 2015 and \$(667) million in FY 2016. The FY 2016 shortfall projection assumes that a one-time solution is used to resolve the FY 2015 shortfall. If the FY 2015 shortfall is addressed with permanent spending or revenue changes, the FY 2016 shortfall would decline by \$189 million to a level of \$(478) million.

If the K-12 Superior Court inflation reset ruling is upheld, the state would have a shortfall of \$(520) million in FY 2015. Assuming the FY 2015 shortfall is solved on a one-time basis, JLBC Staff projects an FY 2016 shortfall estimate of \$(1.0) billion.

In FY 2017 and FY 2018, the state's fiscal situation is expected to improve, with projected shortfalls declining to \$(928) million in FY 2017 and \$(787) million in FY 2018. However, the long-term fiscal projections assume no additional discretionary spending growth.

These balance estimates do not include the \$460 million in the state's Budget Stabilization Fund (otherwise known as the Rainy Day Fund).

*Table 2 and Attachment C* summarize the FY 2015 – FY 2018 ending balance projections:

<b>Table 2</b>				
	<b>Ending Balance Projections</b>			
	<b>Fiscal Year</b>			
	<b><u>15</u></b>	<b><u>16</u></b>	<b><u>17</u></b>	<b><u>18</u></b>
Beginning Balance	\$ 0.6 B	\$ -	\$ -	\$ -
Revenues	8.6 B	8.8 B	9.2 B	9.6 B
Spending	<u>9.3 B</u>	<u>9.5 B</u>	<u>9.8 B</u>	<u>10.1 B</u>
<b>Ending Balance</b>	<b>\$(189) M</b>	<b>\$(667) M</b>	<b>\$(587) M</b>	<b>\$(440) M</b>
K-12 Reset	<u>331 M</u>	<u>336 M</u>	<u>341 M</u>	<u>346 M</u>
<b>Revised Balance</b>	<b>\$(520) M</b>	<b>\$ (1.0) B</b>	<b>\$(928) M</b>	<b>\$(787) M</b>

## October 7, 2014 FAC

	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b><u>Sales Tax</u></b>				
JLBC Forecast (9/19/2014)	4.1%	4.5%	4.8%	5.0%
UA - Low (9/19/2014)	2.8%	3.1%	5.2%	6.2%
UA - Base (9/19/2014)	5.0%	6.1%	7.3%	7.2%
FAC (9/17/2014)	4.1%	4.1%	4.9%	4.7%
<b>Average:</b>	<b>4.0%</b>	<b>4.5%</b>	<b>5.6%</b>	<b>5.8%</b>
<b><u>Individual Income Tax</u></b>				
JLBC Forecast (9/19/2014)	4.5%	5.4%	5.0%	5.0%
UA - Low (9/19/2014)	1.2%	2.9%	4.9%	6.2%
UA - Base (9/19/2014)	3.7%	5.6%	6.3%	7.0%
FAC (9/17/2014)	3.4%	4.5%	4.6%	4.6%
<b>Average:</b>	<b>3.2%</b>	<b>4.6%</b>	<b>5.2%</b>	<b>5.7%</b>
<b><u>Corporate Income Tax</u></b>				
JLBC Forecast (9/19/2014)	-3.3%	1.0%	3.5%	4.5%
UA - Low (9/19/2014)	-1.0%	-0.2%	-6.3%	-10.2%
UA - Base (9/19/2014)	1.6%	6.0%	0.1%	-7.4%
FAC (9/17/2014)	-10.3%	-5.9%	6.3%	6.5%
<b>Average:</b>	<b>-3.2%</b>	<b>0.4%</b>	<b>0.6%</b>	<b>-2.0%</b>
<b>JLBC Weighted Average:</b>	<b>3.7%</b>	<b>4.7%</b>	<b>4.8%</b>	<b>5.0%</b>
<b>UA Low Weighted Average:</b>	<b>1.8%</b>	<b>2.8%</b>	<b>4.5%</b>	<b>5.6%</b>
<b>UA Base Weighted Average:</b>	<b>4.2%</b>	<b>5.9%</b>	<b>6.5%</b>	<b>6.5%</b>
<b>FAC Consensus Weighted Average:</b>	<b>2.8%</b>	<b>3.7%</b>	<b>4.8%</b>	<b>4.7%</b>
<b>"Big-3" Weighted Average:</b>	<b>3.1%</b>	<b>4.3%</b>	<b>5.2%</b>	<b>5.4%</b>
<b>Consensus Weighted Average: *</b>	<b>3.4%</b>	<b>4.1%</b>	<b>5.1%</b>	<b>5.2%</b>
<b>Adj. Consensus Weighted Average: **</b>	<b>2.2%</b>	<b>3.0%</b>	<b>4.4%</b>	<b>4.6%</b>

\* Consensus Big-3 Categories adjusted for Small Categories

\*\* Consensus Weighted Average adjusted for Statutory Changes

**October 2014 Revenue and Budget Update**  
**Marginal Dollar Impact of Enacted Tax Law Changes <sup>1/</sup>**  
(\$ in millions)

<b>Legislation</b>	<b>Tax</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b><u>Laws 2006, Chapters 14 &amp; 325</u></b>					
School Tuition Credit for Low-Income Students	Corporate Income & Prem. Insurance	(7.2)	(8.6)	(10.3)	(12.4)
<b><u>Laws 2011, 2nd Special Session, Chapter 1 ("Jobs Bill 1")</u></b>					
Increases small businesses eligibility for 30% "Angel" investment credit from \$2m to \$10m in assets	Individual Income	(0.5)	4.5	0.0	0.0
Eliminates capital gains on income derived from small businesses, beginning in TY 2014	Individual Income	(8.6)	0.0	0.0	0.0
Phases down corporate tax rate from 6.968% to 4.9% over 4 years, beginning in TY 2014	Corporate Income	(35.7)	(35.8)	(32.2)	(34.5)
Phases in corporate sales factor from 80% to 100% over 4 years, beginning in TY 2014	Corporate Income	(24.7)	(21.3)	(17.7)	(13.9)
Creates annual \$3,000 3-year new job credit with conditions	Corporate / Individual Income & Insurance Premium	(4.2)	(4.2)	(3.1)	0.0
<b>Sub-Total</b>		<b>(73.7)</b>	<b>(56.8)</b>	<b>(53.0)</b>	<b>(48.4)</b>
<b><u>Laws 2012, Chapter 343 ("Jobs Bill 2")</u></b>					
Phases in (over 3 years) a 25% reduction of long-term capital gains on assets purchased after CY 2011 (TY 2013)	Individual Income	(15.7)	(12.1)	0.0	0.0
Provides income tax deduction equal to 10% of federal bonus depreciation for assets placed in service in CY 2012 (TY 2014 only)	Individual Income	(1.8)	1.8	0.0	0.0
Creates a new income tax credit for capital investments in new or expanded manufacturing facilities, commercial headquarters, or research facilities (TY 2013)	Corporate & Individual Income	(4.0)	(4.0)	(4.0)	(4.0)
<b>Sub-Total</b>		<b>(21.5)</b>	<b>(14.3)</b>	<b>(4.0)</b>	<b>(4.0)</b>
<b><u>Laws 2012, Chapter 2</u></b>					
Provides a change in the calculation of the corporate sales factor for service-providers (TY 2014)	Corporate Income	(3.0)	0.0	0.0	0.0
<b><u>Laws 2013, Chapter 256</u></b>					
Removes the \$25,000 cap on state income deductions for Section 179 business expensing (TY 2013 only)	Corporate & Individual Income	24.8	0.0	0.0	0.0
<b><u>Laws 2013, 1st Special Session, Chapter 9</u></b>					
Exempts data center equipment from TPT (Sep. 1, 2013)	Sales Tax	(1.8)	(1.9)	0.0	0.0

<b>Legislation</b>	<b>Tax</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b><u>Laws 2014, Chapter 7</u></b> Exempts electricity and natural gas purchased by manufacturers from TPT (Aug. 1, 2014)	Sales Tax	(14.6)	(3.6)	0.0	0.0
<b><u>Laws 2014, Chapter 8</u></b> Credit for investment in new facilities that produce energy for self-consumption using renewable energy sources (Jul. 24, 2014)	Corporate & Individual Income	0.0	(10.0)	0.0	0.0
<b><u>Laws 2014, Chapter 10</u></b> One-time inflation adjustment of individual income tax rate brackets in TY 2015	Individual Income	0.0	(6.1)	6.1	0.0
<b><u>Laws 2014, Chapter 11</u></b> Unexpended capitation payments in the Long-Term Care System Fund are reverted to the General Fund	Other	10.0	0.0	0.0	0.0
<b><u>Laws 2014, Chapter 68</u></b> Requires individual income tax-filers claiming the Proposition 301 low-income sales tax credit to provide a valid SSN (Jan. 1, 2015)	Individual Income	0.0	1.5	0.0	0.0
<b><u>Laws 2014, Chapter 127</u></b> Shifts fine revenues for operating watercraft while intoxicated from the General Fund to Other Fund (Jul. 24, 2014)	Other	(0.5)	0.0	0.0	0.0
<b><u>Laws 2014, Chapter 168</u></b> Employer allowed to claim 2nd and 3rd year job tax credits for employees that leave and are replaced within 90 days (Jan. 1, 2014)	Corporate & Individual Income	(0.9)	0.0	0.0	0.0
<b><u>Laws 2014, Chapter 228</u></b> Exempts the construction of mixed waste processing facility located on a municipal landfill from TPT (Jan. 1, 2013)	Sales Tax	(0.2)	0.0	0.0	0.0
<b><u>Laws 2014, Chapter 276</u></b> Exempts personal property sold to a qualified health sciences educational institution from TPT (Jan. 1, 2015)	Sales Tax	(0.2)	0.0	0.0	0.0
<b>Total GF Revenue Impact over Prior Year</b>		<b>(88.8)</b>	<b>(99.8)</b>	<b>(61.2)</b>	<b>(64.8)</b>
<b>Ongoing Impact</b>		<b>(111.8)</b>	<b>(95.5)</b>	<b>(67.3)</b>	<b>(64.8)</b>
<b>One-Time Impact</b>		<b>23.0</b>	<b>(4.3)</b>	<b>6.1</b>	<b>0.0</b>

1/ Each year represents the dollar value of the provision compared to the prior year.

**OCTOBER FINANCE ADVISORY COMMITTEE  
STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES 1/  
WITH ONE-TIME FINANCING SOURCES**

	<b>FY 2014 Actual</b>	<b>FY 2015 October FAC</b>	<b>FY 2016 October FAC</b>	<b>FY 2017 October FAC</b>	<b>FY 2018 October FAC</b>
<b>REVENUES</b>					
Ongoing Revenues	\$8,920,593,900	\$9,120,126,200	\$9,491,916,500	\$9,875,676,400	\$10,325,418,200
Previously Enacted Changes			(95,500,000)	(67,300,000)	(64,800,000)
Urban Revenue Sharing	<u>(561,001,200)</u>	<u>(608,935,700)</u>	<u>(605,634,300)</u>	<u>(604,117,900)</u>	<u>(613,364,200)</u>
Net On-going Revenues	\$8,359,592,700	\$8,511,190,500	\$8,790,782,200	\$9,204,258,500	\$9,647,254,000
One-time Financing Sources					
Balance Forward	\$895,475,000	\$576,773,600			
Previously Enacted Changes	(24,800,000)	(1,800,000)	(6,100,000)		
Fund Transfers	<u>141,541,100</u>	<u>53,900,000</u>			
Subtotal One-time Revenues	\$1,012,216,100	\$628,873,600	<u>(\$6,100,000)</u>	\$0	\$0
<b>Total Revenues</b>	\$9,371,808,800	\$9,140,064,100	\$8,784,682,200	\$9,204,258,500	\$9,647,254,000
<b>EXPENDITURES</b>					
Operating Budget Appropriations	\$8,816,495,400	\$9,311,780,500	\$9,491,029,900	\$9,831,654,900	\$10,127,461,500
<b>K-12 Litigation (Reset Only)</b>		<b>330,849,400</b>	<b>335,549,600</b>	<b>341,089,400</b>	<b>346,392,900</b>
FY 2014/FY 2015 Supplementals	2,736,300	(7,000,000)			
Administrative Adjustments	62,980,200	80,000,000	60,000,000	60,000,000	60,000,000
Revertments	<u>(116,612,700)</u>	<u>(100,000,000)</u>	<u>(100,000,000)</u>	<u>(100,000,000)</u>	<u>(100,000,000)</u>
Subtotal Ongoing Expenditures	\$8,765,599,200	\$9,615,629,900	\$9,786,579,500	\$10,132,744,300	\$10,433,854,400
One-time Expenditures					
Capital Outlay	<u>\$29,436,000</u>	<u>\$44,706,800</u>			
Subtotal One-time Expenditures	\$29,436,000	\$44,706,800	\$0	\$0	\$0
<b>Total Expenditures</b>	\$8,795,035,200	\$9,660,336,700	\$9,786,579,500	\$10,132,744,300	\$10,433,854,400
<b>Ending Balance <u>2/</u></b>	<u><u>\$576,773,600</u></u>	<u><u>(\$520,272,600)</u></u>	<u><u>(\$1,001,897,300)</u></u>	<u><u>(\$928,485,800)</u></u>	<u><u>(\$786,600,400)</u></u>
<i>Structural Balance <u>3/</u></i>	<i>(\$406,006,500)</i>	<i>(\$1,104,439,400)</i>	<i>(\$995,797,300)</i>	<i>(\$928,485,800)</i>	<i>(\$786,600,400)</i>

1/ Significant one-time revenues and expenditures are separately detailed so as to permit the calculation of ongoing revenue and expenditures.

2/ This calculation reflects the difference between total revenues and total expenditures. Excludes any Budget Stabilization Fund balance.

3/ This calculation reflects the difference between ongoing revenues and expenditures and excludes one-time adjustments. Excludes any Budget Stabilization Fund balance.